

## Exercise 2 A tough negotiation



In groups of four, act out the following roles in an industrial dispute between an employer and a trade union. Your job is to try to find a settlement which both sides in the dispute are willing to accept. The roles in the dispute are:

### Union representatives

The shop steward

A machine operator

### Employee representatives

The managing director

The work study engineer

## Union threatens action over new machinery

The Association of Metalworkers are today threatening to take industrial action if the decision to install new computer-assisted metal shaping and grinding machinery in PK Metals plc is taken without assurances on pay and redundancies. The local branch of the union has asked for a 5% wage increase for members to operate the new machinery.

'Any strike action could damage the company considerably,' explained Mr Graham Stone, managing director of PK Metals. A large overseas order has boosted the company's prospects recently and they

are keen to fulfil it. Any disruption could threaten their international reputation. The management are also keen to avoid any increase in wage costs which may make them uncompetitive.

Workers are claiming that the new technology requires a higher level of skill and concentration and compensation is sought. They are also seeking management assurances that there will be no redundancies as a result of the new machines.

The two sides in the dispute have agreed to meet and negotiate today.

### The Union Brief

The machine operators want a pay rise for operating more complex and demanding machinery. You also want to set an example for the future. You do not want your employer to think that every time it introduces new ways of working it can overlook its workforce. What you want is a share in the increased profits that can come from the increased output of the new machines.

You also fear that redundancies may follow as machines replace workers, and you want to limit the number of jobs lost.

You both know that the firm has recently received a large order from overseas, so you need to be careful that you do not cause the firm to lose the order. This could mean losing jobs.

### Your tasks before negotiations

Before you enter negotiations write a brief report for all your union members to read, pointing out your demands and the management's position. This should include answers to questions like:

- What is your pay claim?
- Why have you made this pay claim?
- What has been the management response?
- What forms of action could the union take if necessary?
- Why are both you and the management keen to avoid a strike?

### Your tasks after negotiations

Write a report highlighting the results of negotiations, that is, what agreements, if any, were reached.

If no firm agreement was reached, do you advise your members to accept or reject the management's offer? If no agreement was reached, what will the union do next?

### The Employer's Brief

The work study engineer has concluded that the machines require no more effort to operate than the old ones. In fact, you feel that they ease pressure on the skilled operator. No pay rise is necessary to compensate.

As the managing director you fear that any cost reductions from the increased output from specialist machinery may be lost if workers push for higher wages. It may even allow lower-cost competitors to undercut your prices. If you are also unable to cut the number of jobs your plant will be overmanned and wage costs will be much higher than they need to be.

However, you do not want to lose the goodwill of the workforce at a critical time for the company with an overseas order to fulfil.

### Your tasks before negotiation

Write an information sheet for the management team including answers to such questions as:

- What wage claim has the union asked for?
- What are the implications of accepting or rejecting this claim?
- Why you are keen to avoid a strike?
- What will be discussed with the union?

### Task after negotiations

Prepare another management document to report on agreements reached and their effects on the company and the action that will be taken if negotiations break down and no firm agreement is reached.

### The negotiations

The four people in the role-play should try to negotiate an agreement acceptable to both sides. If you cannot reach an agreement perhaps your tutor can join in to act as an independent commentator, or ask for the meeting to take a short break while you work out what to do next.

#### Key words

Write down your own descriptions of the following:

**Trade union**

**General unions**

**Industrial unions**

**Non-manual unions**

**Shop steward**

**National Executive**

**Industrial action**

**Collective bargaining**

**Closed shop**

**Work-to-rule**

**Single union agreement**

**Arbitration**

Now go back through the chapter to check your understanding of these terms.

#### www

Good sources of information to help you with your coursework are:

- the World Directory of Trade Unions [www.cf.ac.uk/socsi/union](http://www.cf.ac.uk/socsi/union)
- the biz/ed education online service [www.bized.ac.uk/compfact/tuc/tuc11.htm](http://www.bized.ac.uk/compfact/tuc/tuc11.htm)
- European Industrial Relations Observatory [www.eiro.eurofound.eu.int](http://www.eiro.eurofound.eu.int)